

**CALIFORNIA HEALTH FACILITIES FINANCING AUTHORITY
CATHOLIC HEALTHCARE WEST**

Amendment to Loan Agreements

**Staff Summary
Resolution No. 2009-03**

January 29, 2009

BACKGROUND:

Catholic Healthcare West (CHW) has requested an amendment to covenants within the loan agreements (Loan Agreements) relating to the previously issued series of bonds, as listed on Exhibit A of the resolution. Specifically, the Loan Agreements contain a provision, originally required by the municipal bond insurers, which requires funding of a Bond Reserve Fund if debt service coverage falls below a certain level. Currently, the calculation of debt service is to be done semi-annually in accordance with the CHW Master Trust Indenture. Though the reserve fund in each series was created, the funds have not actually been funded because debt service coverage has been at adequate levels.

The proposed amendments would allow the debt service calculations to be done without reference to unrealized investment gains or losses or "mark-to-market" gains or losses and would also require the calculation to be done on an annual basis. Under each series of bonds, the applicable municipal bond insurer has consented to these amendments. Additionally, the Loan Agreements permit amendments so long as the municipal bond insurer consents. Bondholder consent is not required.

These proposed amendments have no material impact on Authority operations or security.

STAFF RECOMMENDATION:

Staff recommends the Authority approve the proposed amendments to the relevant section of each CHW Loan Agreement as articulated supra.